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Digital Shariah Banking System on Cash Waqf in Indonesia

Patria Yunita
Universitas PTIQ Jakarta
patriyunita@ptiq.ac.id

Azmi Ismail,
Universitas PTIQ Jakarta

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Abstract: *The concept of cash waqf has significantly progressed, incorporating more modern and efficient models. Today, cash waqf can be processed through digital platforms that are fully integrated with Sharia compliant banking system. Even though Indonesia Muslims recognize cash waqf as a sustainable investment, data shown only 47% expressed strong willingness to donate. Research shows approximately only 45% of Indonesia Muslims were fully aware of the procedures to donate cash waqf through digitalization. This study aims to examine how Digital Shariah Banking System (DSBS) impact the decision-making process of Muslims in Indonesia to involve in cash waqf. The reaction of Indonesia Muslims to the Digital Shariah Banking System (DSBS) on cash waqf reflects a combination of growing interest, literacy and digital awareness. The research employs Partial Least Squares-Structural Equation Modeling (PLS SEM) constructed by analyzing the influence of Islamic economic literation, Islamic financial inclusion, digitalization index toward intention to use digital waqf. The data was generated by survey to 205 Indonesian Muslims from all generation. The findings indicate that digitalization index and Islamic financial inclusion influences the intention to use digital waqf. Meanwhile, experience, gender and Islamic economic literation does not significantly influence the Intention to use digital waqf. The recommendation for Indonesia waqf regulators is to promote infrastructure of digitalization around region in Indonesia to strengthen awareness of digital waqf platforms and enhance accessibility to digital platforms.*

Keywords: *Digital Shariah Banking System (DSBS), Islamic Financial Inclusion, Islamic Economic Literation Digitalization Index.*

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Digital Shariah Banking System on Cash Waqf in Indonesia

1. Introduction

In Indonesia, cash waqf has been formally recognized by the MUI and is regulated under Government Regulation No. 42/2006, which outlines its implementation framework. The government has designated the Indonesian Waqf Board (IWB) as the official institution responsible for managing cash waqf funds. Operationally, collected funds are invested in state-linked enterprises to generate revenue, which is subsequently allocated for public welfare. Despite its potential, cash waqf remains underutilized. To address this issue, IWB has collaborated with Islamic financial institutions and integrated financial technology (FinTech) into waqf transactions. This collaboration led to the development of the Digital Sharia Banking System (DSBS), designed to facilitate seamless online cash waqf transactions, making participation more convenient for the public. Notably, cash waqf does not require a fixed minimum contribution. Several DSBS platforms currently in operation in Indonesia include BSI Digital Wakaf Hasanah managed by Bank Syariah Indonesia, as well as other digital waqf services offered by Bank Muamalat Indonesia, Waqfchain, Dompet Dhuafa Digital, etc.

Indonesia has the largest Muslim population globally, with approximately 85% of its 260 million citizens identifying as Muslims (Putraa, 2020). Indonesia possesses the highest waqf potential worldwide, with an estimated value of $14 billion annually, surpassing Malaysia ($1.4 billion), Egypt ($6.5 billion), and Pakistan ($8 billion) (Mohsin, 2007). The total value of cash waqf transactions in Indonesia has reached IDR 180 trillion (Fadhilah & Aminah, 2018). Furthermore, data from Bank Indonesia indicate that the country's waqf potential stands at IDR 217 trillion, which accounts for 3.4% of Indonesia's Gross Domestic Product (KNEKS, 2019). The cash waqf transactions are closely linked to DSBS, which is supported by Indonesia's Islamic banking sector. According to the Charities Aid Foundation's (CAF) World Giving Index (2018), Indonesia was ranked as the most generous country among 144 nations surveyed (Nurfadilah, 2018).

Eventhough the concept of cash waqf has significantly progressed in Indonesia, incorporating more modern and efficient models, data shown only 47% expressed strong willingness to donate via digital waqf system. Research shows approximately only 45% of Indonesia Muslims were fully aware of the procedures to donate cash waqf through digitalization. The limited market share and low index of Islamic financial inclusion in

Indonesia present a significant challenge (Islamic Strategic Studies Center-Financial Services Authority, 2023). Despite the demographic advantage in Indonesia, public interest in Islamic finance remains substantially lower than in conventional financial systems. The 2022 National Survey of Financial Literacy and Inclusion reports that the Islamic financial inclusion index stands at just 12.12%, while the market share for Islamic financial institutions was recorded at 10.41% as of June 2022.

The Islamic financial inclusion index in Indonesia remains relatively low, with DKI Jakarta and Nanggroe Aceh Darussalam identified as the provinces exhibiting the highest levels of financial inclusion (Sakti & Devi, 2019). This limited inclusion is largely attributed to insufficient financial access, particularly for low-income communities in the country's eastern regions. Based on research by the Asian Development Bank (ADB) in 2022, financial literacy is an intrinsic factor that influences and motivates society which indirectly increases the sharia financial literacy index and sharia financial inclusion index. Financial literacy in Indonesia is much lower than in other ASEAN nations, including the Philippines (27%), Malaysia (66%), Thailand (73%), and Singapore (73%), according to a 2016 report by the Financial Services Authority (OJK).

2. Research Objectives

This study aims to examine how Digital Shariah Banking System (DSBS) impact the decision making process of Muslims in Indonesia to involve in cash waqf.

3. Theorical Foundation And Hypothesis Development

3.1 Cash Waqf concept

Cash waqf is a significant instrument in Islamic social finance that supports government-led economic development initiatives (Sanusi & Shafiai, 2015; Musa & Salleh, 2018). It contributes to various socio-economic objectives, including poverty alleviation (Ahmad & Hassan, 2015; Mahamood & Rahman, 2015; Kachkar, 2017; Hasan et al., 2018; Saiti et al., 2019), enhancing community welfare (Cizakca, 2009; Medias, 2017; Khamis & Che Mohd Salleh, 2018), providing financial assistance for entrepreneurs (Thaker, 2018), and addressing fiscal deficits and social disparities (Nasiri et al., 2019). Additionally, cash waqf can be allocated to fund socio-religious initiatives (Othman, 2015), renovate educational institutions (Razak, 2020), and enhance healthcare services.

Historically, the concept of cash waqf was introduced by Imam Zufar in the 8th century, who defined it as a form of financial investment where the generated profits are directed toward social welfare (Hasan et al., 2019). The legitimacy of cash waqf is affirmed

by a fatwa issued by the Indonesian Ulema Council (MUI) in 2002, which based its ruling on the perspective of Imam Az-Zuhri (d. 124 H), who permitted the use of dinars and dirhams as waqf assets for da'wah and social causes (Priantina, 2019). Functionally, cash waqf is utilized as business capital, with the returns being allocated to sectors such as da'wah, social welfare, education, and healthcare (Rusydiana & Devi, 2014; Medias, 2017; Nasiri et al., 2019).

Unlike traditional waqf, which typically involves fixed assets like land, buildings, or vehicles, cash waqf enables broader participation, allowing individuals to contribute according to their financial capacity (Hasan et al., 2018, 2019). For instance, in Somalia, cash waqf is considered an inclusive donation method, offering an opportunity for those without physical assets to partake in waqf activities (Saiti et al., 2019). In Indonesia, cash waqf management and implementation are governed by Law No. 42 of 2006, categorizing it as a movable waqf asset, similar to its regulation in Malaysia (Anwar et al., 2019; Hafiz et al., 2019). Contributions to cash waqf can be made through Islamic financial institutions in partnership with the Ministry of Religious Affairs, strengthening the professionalism and accountability of the Indonesian Waqf Board (IWB), which is responsible for overseeing cash waqf operations.

At present, individuals have two options for contributing: direct deposits at Islamic banks or digital transactions via the Digital Sharia Banking System (DSBS). Once collected, these funds are invested in Sharia-compliant financial instruments, with the generated profits allocated to beneficiaries in need (Hasan et al., 2018; Jalil et al., 2019). To ensure long-term sustainability, cash waqf funds are predominantly channeled into productive assets (Siswantoro et al., 2018) and lucrative investment portfolios. Unlike other Islamic philanthropic models, waqf assets are preserved indefinitely and cannot be sold, transferred, or inherited, as stipulated by MUI (2002) and Iqbal et al. (2019). This unique feature positions cash waqf as a sustainable waqf model, maximizing revenue generation through strategic investment in Indonesia. Digital Sharia Banking Systems (DSBS) are revolutionizing the approach to cash waqf transactions, particularly appealing to the younger generations in Indonesia. These innovative platforms leverage digital technology to facilitate the donation process, making it more accessible, transparent, and efficient. Research indicates that key factors such as perceived usefulness, ease of use, and the influence of societal norms play a significant role in shaping the adoption of DSBS for cash waqf purposes (Abdullah Haidar et al., 2024). By aligning with the digital habits of a

tech-savvy demographic, these systems are well-positioned to engage younger individuals in fulfilling their philanthropic obligations.

The integration of financial technology (FinTech) with traditional cash waqf systems has opened new avenues for the collection, management, and distribution of waqf funds. This synergy enhances the efficiency and reach of waqf initiatives, enabling them to contribute more effectively to community welfare and poverty alleviation (A. Fahmi Zakariya et al., 2021). Through streamlined digital processes, FinTech solutions can reduce administrative bottlenecks and maximize the impact of waqf resources. The result is a modernized approach that maintains the spiritual integrity of waqf while addressing the socio-economic challenges of contemporary society.

The Unified Theory of Acceptance and Use of Technology (UTAUT) model provides a robust framework for understanding the adoption dynamics of digital-based cash waqf systems. Studies have shown that factors such as effort expectancy, social influence, and facilitating conditions significantly influence users' behavioral intentions and their subsequent use of these platforms (N. Hidayah & Tira Mutiara, 2022). Effort expectancy highlights the importance of user-friendly interfaces and intuitive designs that minimize the complexity of engaging with digital waqf platforms. Social influence underscores the role of community and peer encouragement, which can foster collective participation. Facilitating conditions, such as reliable internet infrastructure and regulatory support, ensure the seamless operation and adoption of DSBS.

Moreover, cash waqf-based instruments are gaining recognition as innovative non-profit alternatives for personal financing in Islamic banking. These instruments cater to financial needs that are not traditionally addressed by profit-driven mechanisms, such as loans requiring interest payments (M. Kahf & A. Mohomed, 2017). By adhering to Islamic principles, cash waqf-based financing provides ethical and inclusive options for individuals and businesses alike. The growing adoption of DSBS reflects a significant transformation in how Islamic financial principles are applied in the digital era. By promoting transparency, efficiency, and inclusivity, these systems hold immense potential to advance the socio-economic objectives of waqf. They not only enable individuals to contribute meaningfully to community welfare but also position Islamic banking as a progressive and socially responsible alternative in the global financial landscape.

3.2. Digital Sharia Banking Systems

The integration of digital technology has become a strategic imperative for enhancing business performance and profitability within the banking sector (Chiu et al., 2017; Wirdiyanti, 2018). Digitalization refers to the adoption of digital or computer-based technology, including mobile applications, by organizations, businesses, and individuals (Larsson & Viitaoja, 2017). Accordingly, digital banking is characterized as a financial service application that enables users to conduct transactions without geographical or time constraints. Similarly, Digital Sharia Banking Systems (DSBS) offer digital banking solutions that facilitate customer financial transactions through electronic devices such as smartphones, tablets, laptops, and personal computers, all connected via the internet and operated by Islamic banks.

The shift toward digital Sharia banking marks a significant transformation in the financial sector, presenting a mix of challenges and opportunities. Among the primary hurdles are issues such as ensuring robust data security, successfully integrating emerging technologies, and adapting to the continuously evolving regulatory landscape (Marbawani et al., 2024). These challenges are crucial to address, as they directly influence the trust and operational efficiency necessary for widespread adoption. Ensuring compliance with both digital and Sharia principles adds another layer of complexity, making this transition a multifaceted endeavor.

Despite these challenges, the digitalization of Sharia banking offers substantial opportunities. One of the most promising aspects is the potential to enhance financial inclusion. By leveraging technology, digital platforms can reach underserved populations, including those in rural and remote areas, who traditionally lacked access to conventional banking services (Marbawani et al., 2024). Additionally, digital banking paves the way for innovative financial products tailored to meet the unique needs of Sharia-compliant banking, which can help attract a broader customer base. Strengthening customer relationships through personalized and seamless services is another significant advantage that digitalization brings to this sector.

However, the growth of Sharia banking in Indonesia has been relatively modest, with its market share standing at just 5.12% as of 2016 (Abdussalam Dz, 2018). Various factors contribute to this limited market penetration, including low levels of public awareness about the available products, difficulties in accessibility, and a lack of financial literacy regarding Sharia principles (Abdussalam Dz, 2018). These challenges underscore the need

for a concerted effort to bridge the gap between potential customers and Sharia banking services.

To address these barriers, advancements in digital banking are essential. They offer the ability to close service gaps, improve accessibility, and enhance operational efficiency (Abdussalam Dz, 2018). By leveraging digital tools, Sharia banks can streamline their operations, offer more competitive services, and cater to the growing expectations of tech-savvy customers. Furthermore, initiatives focused on education and awareness are vital. Programs that emphasize the benefits of Sharia-compliant digital banking and promote financial literacy in Islamic finance can help cultivate a more informed and engaged customer base (Nugroho et al., 2023).

The integration of digital technologies in Sharia banking also promises to transform the transactional experience. With improvements in accessibility, speed, and convenience, non-cash transactions can become more efficient and user-friendly, further encouraging adoption (Parapat et al., 2023). This evolution represents not just a modernization of financial services but also a step toward aligning them with the ethical and spiritual values of Sharia principles. As the sector continues to evolve, a strategic focus on technology, education, and customer engagement will be key to unlocking its full potential.

Beyond commercial banking services, DSBS have introduced innovative features that support Islamic philanthropic activities, enabling customers to contribute to cash waqf with greater convenience and efficiency. The Islamic banking sector's decision to embrace digital technology is aimed at minimizing operational costs, which in turn enhances overall bank profitability (Chiu et al., 2017; Sharma, 2017; Mbama & Ezepue, 2018; Yaseen & Qirem, 2018). The transformation brought about by digital technology has not only reshaped communication, business operations, and financial transactions but has also influenced the mechanisms through which donations and social contributions are made. The adoption of digital payment methods has created positive trends in charitable giving, including cash waqf contributions (Boersma & Burgers, 2013; Jalil et al., 2019). A study by Jalil et al. (2019) highlighted that the volume of cash waqf transactions significantly increased after the implementation of online payment methods through a collaboration with Bank Muamalat Malaysia Berhad.

3.3. Previous studies

Applications designed to deliver banking services through technological and informational platforms, accessible anytime and anywhere, are referred to as "digital

banking." These services leverage internet-enabled devices, including smartphones, tablets, laptops, and desktop computers, to address customers' financial transaction requirements. Among the offerings, digital banking facilitates Islamic philanthropy by incorporating online payment systems for cash waqf contributions, significantly boosting transaction volumes (Ali et al., 2019). Users benefit from a swift and accurate process for cash waqf payments (Berakon et al., 2022). The Digital Sharia Banking System (DSBS) signifies a transformative step in integrating financial technology (FinTech) into Islamic financial systems, particularly in managing waqf (Islamic endowments). This system, developed collaboratively by Badan Wakaf Indonesia (BWI) and several Islamic banks, is tailored to simplify and optimize cash waqf transactions, making them more user-friendly and efficient for the Muslim community. DSBS primarily seeks to harness modern FinTech to improve the overall experience and efficiency of waqf transactions. It represents a broader initiative to digitalize the Islamic finance sector, acknowledging the necessity of adapting traditional practices to meet the expectations of younger demographics, especially Millennials and Generation Z. Through intuitive interfaces and secure processes, DSBS tackles typical challenges linked to conventional waqf systems, such as complicated steps and transparency issues.

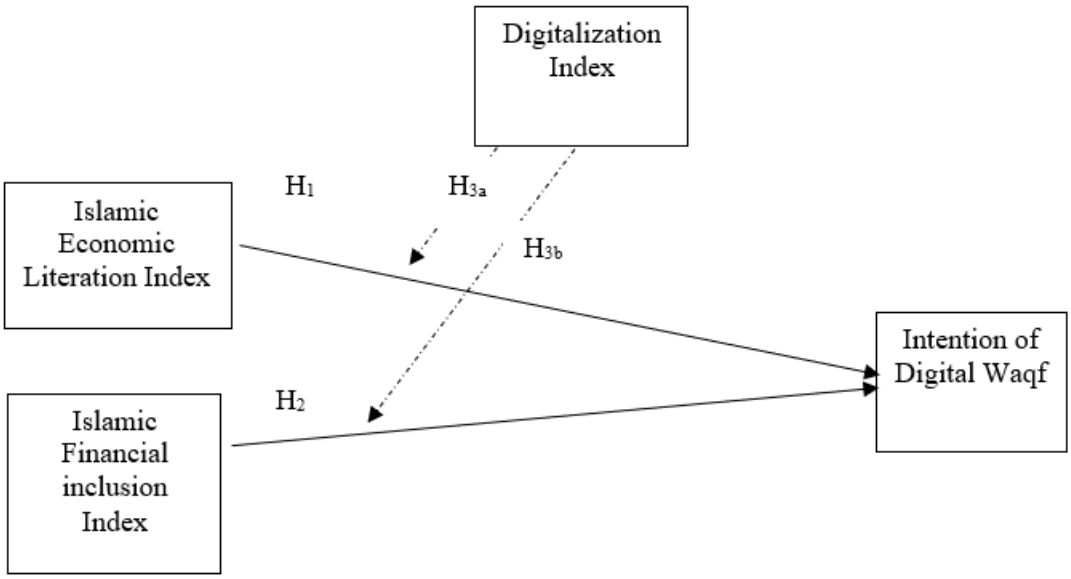
Key aspects of DSBS include streamlined transaction workflows, advanced security protocols, and real-time monitoring of waqf contributions. These elements cater to tech-savvy younger users who value the simplicity and efficiency of digital financial tools. By providing a transparent and user-friendly platform for waqf contributions, DSBS aims to enhance engagement, thereby strengthening the sustainability of Islamic philanthropy both in Indonesia and in other Muslim-majority regions. This innovation reflects the dynamic evolution of Islamic finance, merging traditional principles with modern technology to better serve its community.

Robust legal support for cash waqf is crucial in enhancing the role of Islamic banks in mobilizing funds for waqf purposes, as it creates a secure and trustworthy environment for all parties involved. A well-defined legal framework instills confidence in stakeholders, encouraging their active participation in cash waqf initiatives. Furthermore, effective coordination among regulatory authorities and Islamic financial institutions is necessary to boost the capability of Islamic banks in managing and raising cash waqf funds. This collaborative approach will maximize the potential of waqf resources for socio-economic development. Nevertheless, a significant challenge lies in the lack of education

and awareness about cash waqf, which impedes its widespread acceptance and adoption. Bridging this knowledge gap is essential to promoting financial literacy and encouraging increased involvement in cash waqf, thereby unlocking its full potential to support community welfare (Khairunnisa et.al., 2018).

Research Framework

Figure 1: *Research Framework*



4. Hypothesis Development

Waqf literacy have a significant impact on the intention to engage in waqf (Huda et al., 2023). Education also plays a crucial role in enhancing waqf literacy and fostering the intention to participate in waqf activities (Juliana et al., 2024). Furthermore, a positive association has been established between waqf literacy and students' interest in waqf, emphasising the relevance of financial literacy in this setting.Research findings collectively indicate that higher levels of Islamic financial literacy, particularly in relation to waqf, positively influence the intention to contribute to waqf in Indonesia (Rasela, 2021).

H_1: Islamic economic literacy influences the intention of digital waqf

H_2: Islamic financial inclusion influences the intention of digital waqf

H_{3a}: Islamic economic literacy influences the intention of digital waqf moderated by digitalization

H_{3b}: Islamic financial Inclusion influences the intention of digital waqf moderated by digitalization.

Table 1: Variables, Dimensions and Indicators

Variable	Dimensions	Indicator	Scale	Source
Islamic Economic Literacy Index	(X1) Islamic Economic	Knowledge of basic principles of Islamic economics: Riba, profit sharing, maysir, gharar, zakah, infaq, sadaqa.	Likert	Bank Indonesia
	(X2) Islamic Social Finance Institution	Knowledge of Islamic social finance institution		
	(X3) Islamic Product Knowledge	Knowledge of islamic product		
	(X4) Islamic Financial wealth Management	Ability to islamic financial management		
	(X5) Numerical Ability	Ability to perform financial calculations based on sharia principles including calculating profit sharing and zakah.		
	(X6) Attitude for Future	Focusing in future direction		

Islamic Financial Inclusion Index	(Y1) Accessability	Measuring the penetration of islamic Finance in the community	Likert	Bank Indonesia
	(Y2) Availability	Measuring the community's ability to utilise official Islamic financial services		
	(Y3) Usage	Measuring the effectiveness of Islamic financial services in addresing community needs		
Digitalization Index	(Z1) Digital Skill	The ability of an individual to recognize, comprehend, and effectively utilize ICT hardware, software, and digital operating systems in everyday life.	Liket	Indonesia Ministry of Communication and Information Technology
	(Z2) Digital Ethics	The ability of an individual to be aware of, demonstrate, adapt to, rationalize, reflect on, and cultivate the principles of digital ethics (netiquette) in daily life.		

(Z3) Digital Safety	The ability of the user to recognize, pattern, apply, analyze, assess, and enhance awareness of personal data protection and digital security in daily life
(Z4) Digital Culture	The capacity of an individual to read, interpret, internalize, critically assess, and incorporate national values, such as Pancasila and Bhinneka Tunggal Ika, into everyday life, particularly in the context of cultural digitalization.

Source: Bank Indonesia, Indonesia Ministry of Information and Technology, (modified)

5. Data Analysis and Results

5.1. Sample Profile

A total of 205 questionnaires were distributed across several regions of DKI Jakarta province. According to Hair and Sarstedt, an optimal sample size for statistical analysis is 10 times the number of variables being examined in the study. Therefore, the sample size of meets all the recommended assumptions for statistical analysis.

5.2. Respondent Profile

Table 2 displays the respondent profile regarding the gender, age, generation. and experiences using digital money in digital devices.

Table 2. Respondents Profile

Respondent Profile	frequency	Percentage (%)
Gender		
Male	126	61.46
Woman	79	38.54
Age		
Less than 20	-	-
20–29	79	38.54
30 – 39	32	15.61
40 – 49	59	28.78
Above 50	35	17.07
Generation Type		
1946 - 1964 (Baby Boomers)	11	5.36
1965 - 1980 (Generation X)	49	23.91
1981 – 1996 (Generation	66	32.19
Y/Millennials)	79	38.54
1997 – 2012 (Generation Z)		
Digital Money Transactions	12	5.85
Never	27	13.17
Less	34	16.59
Sometimes	81	39.51
often	51	24.88
very often		

From Table 2 it shows that the majority of respondents (61.46%) were male. In terms of age, the largest group of respondents fell within the 20-29 year age range, accounting for 38.54, namely the Generation Z. Additionally, the majority of the respondents reported experiencing often using digital transactions.

5.3. Assessment of Measurement Models

The Partial Least Squares Structural Equation Modelling (PLS-SEM) Path Model is used to assess both the measurement and structural models. To determine whether an item should be included in the study, the measurement model for each latent concept was evaluated based on reliability and validity. The Average Variance Extracted (AVE) and composite reliability values were used to evaluate the validity and reliability. Table 3 shows the AVE and composite reliability values for each construct in the Path Model.

Table 3: *Average Variance Extracted (AVE) and Composite Reliability*

	Composite Reliability	**Average Variance Extracted (AVE)**
Digitalization Index	0.925	0.756
Experiences	1.000	1.000
Gender	1.000	1.000
Generation	1.000	1.000
Intention to Use Waqf Digital	0.936	0.879
Islamic Economic Literation	0.909	0.667
Islamic Financial Literation	0.882	0.715

As previously noted, the goal of the measurement model is to identify the items that should be included in each construct before evaluating the structural model. In this study, the measurement model was performed by examining the outer loading of each construct, utilizing high outer loading values to ensure that the minimum acceptable levels of Composite Reliability and Average Variance Extracted (AVE) were met (Hair et al., 2014). If the outer loading value of an item was found to be low, the item was removed until the required AVE and Composite Reliability values were achieved. According to Hair et al. (2014), the AVE should be above 0.5, and the composite reliability should exceed 0.7.

5.4. Items in Digitalization Index

The following tables show the results of increasing the outer loading for further analysis:

Table 4: *Outer Loading, AVE. and Composite Reliability Digitalization Index*

Variable	Dimension	Outer Loading	AVE	Composite Reliability
Digitalization Index			0.756	0.925
	DI1	0.819		
	DI2	0.924		
	DI3	0.846		
	DI4	0.885		

The table above presents a reassessment of the factor model. The results of this reevaluation show that all items have an outer loading value greater than 0.7, with the AVE and composite reliability values for performance expectancy being 0.756 and 0.925, respectively. According to Hair et al. (2014), the acceptable levels for AVE and composite reliability are 0.5 and 0.7. Based on these values, the Digitalization Index construct has passed both the validity and reliability tests.

5.5. Items in Islamic Economic Literation

The Islamic Economic Literation construct has six items for the assessment of the measurement model. The AVE value was 0.667 and the composite reliability was 0.909. Based on these values. the Effort expectancy construct has passed validity and reliability tests.

Table 5: *Outer Loading, AVE and Composite Reliability Islamic Economic Literation*

Variable	Dimension	Outer Loading	AVE	Composite Reliability
Islamic Economic			0.667	0.909
Literation	IELI1	0.803		
	IELI2	0.825		
	IELI3	0.862		
	IELI4	0.776		
	IELI5	0.815		

5.6. Items in Islamic Financial Inclusion

The Islamic Financial Inclusion construct has only one item with appropriate outer loading, AVE and Composite reliability values.

Table 6: *Outer Loading, AVE, and Composite Reliability Islamic Financial Inclusion*

Variable	Dimension	Outer Loading	AVE	Composite Reliability
Islamic			0.715	0.882
Financial	IFI1	0.771		
Inclusion	IFI2	0.842		
	IFI3	0.918		

5.6. Items in Intention to Use Digital Waqf

The Intention to use Digital Waqf construct comprises two items. The outer loading values IU1 and IU2 are, respectively. The AVE value was 0807. and the composite reliability was 0.893. Based on these values. the Attitude Toward digital money construct passed the validity and reliability tests.

Table 7: *Outer Loading, AVE and Composite Reliability Intention to Use Digital Waqf*

Variable	Dimension	Outer Loading	AVE	Composite Reliability
Intention to Use			0.879	0.936
Digital Waqf	IU1	0.936		
	IU2	0.940		

5.7. Structural Model Assessment

The measurement model was assessed to ensure that the construct items were reliable and valid. The next step is to assess the structural model. In this study, a 4-step structural model assessment procedure was performed.

5.8. Assessmen of Coefficient Determinant (R^2 and adjusted R^2)

The significance of structural correlations was assessed, followed by evaluating their accuracy using R^2, effect size (f^2), and predictive relevance (Q^2). Testing the accuracy of these

relationships is essential for interpreting the findings (Hair et al., 2014). The Determinant Coefficient (R^2) is one of the most commonly used parameters for evaluating structural models (Hair et al., 2014). R^2 was calculated to assess the relationship between the actual construct and the predicted values, which reflects the accuracy of the predicted model. The R^2 value ranges from 0 to 1, where a higher R^2 value indicates greater prediction accuracy.

Table 8: *Model Fit*

	R square	Adjusted R Square
Intention to Use r-CBDC	0.509	0.467

The table above shows that the R^2 value is 0.509, meaning that the independent variables explain 50.9% of the variation in the intention to use digital waqf. This suggests that 49.1% of the variation in intention to use digital waqf is influenced by other factors outside the model. However, one limitation of using R^2 as a measure of predictive accuracy is that adding insignificant constructs to the structural model can artificially increase R^2. Therefore, R^2 alone is not a reliable indicator of model goodness-of-fit (Hair et al., 2014), as the inclusion of insignificant constructs can inflate R^2. To address this, the adjusted R^2 (R^2adj) is used, which adjusts R^2 by considering the number of constructs and sample size. According to the above table, the corrected R2 value is 0.467, which means that the independent variables statistically explain 46.7% of the variation in the intention to use digital waqf, while factors outside the model account for the remaining 53.3%.

5.9. Assessing Effect Size f^2

The change in R^2 that occurs when a particular exogenous component is eliminated from the model is measured by effect size f^2. It aids in determining whether the endogenous construct is significantly impacted by the eliminated exogenous construct. The R^2 values of the endogenous construct with and without the chosen exogenous construct in the model are compared to determine the f^2. Generally speaking, a modest effect is indicated by a f^2 value of 0.02; a medium effect is indicated by a 15; and a considerable effect is indicated by a 35 value or greater.

Table 9: *Effect Size.* f^2

Path	coefficient	t-stat	p-value	f^2	Hypothesis	Effect Size
Digitalization Index -> Intention to Use Digital Waqf	0.425	5.386	0.000	0.167	Accepted	Small
Experience -> Intention to Use Digital Waqf	0.061	1,009	0.313	0.007	Rejected	None
Gender -> Intention to Use Digital Waqf	-0.036	0.646	0.519	0.002	Rejected	None
Generation -> Intention to Use Digital Waqf	0.050	0.945	0.345	0.004	Rejected	None
IEL*DI -> Intention to Use Digital Waqf	-0.123	1,783	0.075	0.024	Rejected	None
IEL*EXP -> Intention to Use Digital Waqf	0.012	0.142	0.887	0.000	Rejected	None
IEL*GENDER -> Intention to Use Digital Waqf	0.046	0.546	0.585	0.002	Rejected	None
IEL*GENERATION -> Intention to Use Digital Waqf	-0.046	0.593	0.554	0.003	Rejected	None
IFI*DI -> Intention to Use Digital Waqf	0.111	1,309	0.191	0.013	Rejected	None
IFI*EXP -> Intention to Use Digital Waqf	-0.055	0.636	0.525	0.002	Rejected	None
IFI*GENDER -> Intention to Use Digital Waqf	0.005	0.062	0.951	0.000	Rejected	None
IFI*GENERATION -> Intention to Use Digital Waqf	0.051	0.754	0.451	0.004	Rejected	None
Islamic Economic Literation -> Intention to Use Digital Waqf	0.127	1.346	0.179	0.013	Rejected	None
Islamic Financial Inclusion -> Intention to Use Digital Waqf	0.209	2.993	0.003	0.051	Accepted	Small

Digitalization index and islamic financial Inclusion have a small effect size on the Intention

to Use Digital Waqf. Meanwhile, Islamic Economic Literation Index, Gender, Experience, Generation had no effect sizes. This indicates that the intention to use digital waqf is influenced more by digitalization index and islamic financial Inclusion index.

5.10. Assessment of the Predictive Relevance Q^2

To evaluate the magnitude of the R^2 value as a criterion for predictive accuracy, researchers must examine Stone Geisser's Q^2 value. The Stone Geisser Q^2 score measures whether the indicator is predictively relevant. If the Stone Geisser Q^2 value is greater than zero, then the model has a relevant endogenous construct. If the Stone Geisser Q^2 value is less than zero, then the model has an endogenous construct that is less relevant. In this study, the Endogenous of Intention to Use Digital Waqf construct had a Stone Geisser's Q^2 value of 0.392. This means that the model used in this study has an endogenous construct with relevant predictors.

Table 10. *Stone Geisser Q^2 Value*

	SSO	SSE	Q² (=1-SSE/SSO)
Digitalization Index	712.000	712.000	
Experience	178.000	178.000	
Gender	178.000	178.000	
Generation	178.000	178.000	
IEL*DI	178.000	178.000	
IEL*EXP	178.000	178.000	
IEL*GENDER	178.000	178.000	
IEL*GENERATION	178.000	178.000	
IFI*DI	178.000	178.000	
IFI*EXP	178.000	178.000	
IFI*GENDER	178.000	178.000	
IFI*GENERATION	178.000	178.000	
Intention to Use Digital Waqf	356.000	216.536	0.392
Islamic Economic Literation	890.000	890.000	
Islamic Financial Inclusion	534.000	534.000	

Summary of Findings

Table 11: *Summary of Hypothesis Testing*

Hypothesis	Hypothesized	Coefficient	P-value	Findings
H_1	Islamic economic literacy influences the intention of digital waqf	0.127	0.179	Not supported
H_2	Islamic financial inclusion influences the intention of digital waqf	0.209	0.003	supported
H_{3a}	Islamic economic literacy influences the intention of digital waqf moderated by digitalization	-0.123	0.075	Not Supported
H_{3b}	Islamic financial Inclusion influences the intention of digital waqf moderated by digitalization	0.111	0.191	Not supported
H_{4a}	Islamic economic literation influences the intention of digital waqf moderated by gender	0.046	0.585	Not supported
H_{4b}	Islamic financial Inclusion influences the intention of digital waqf moderated by gender	0.005	0.951	Not supported
H_{5a}	Islamic financial inclusion influences the intention of digital waqf moderated by generation	0.051	0.451	Not supported
H_{5b}	Islamic economic literation influences the intention of digital waqf moderated by generation	-0.046	0.554	Not Supported

6. Conclusion And Recommendations

6.1. Conclusion

In Indonesia, a country with a significant Muslim population, a higher digitalization index can play a crucial role in shaping the intention to use digital waqf. First and foremost, increased accessibility to digital platforms is a key factor. As internet connectivity improves, individuals find it easier to access waqf services online, whether through dedicated websites or mobile applications through Digital Shariah Banking System. This convenience can motivate potential donors to engage with waqf initiatives, as they no longer face the barriers associated with traditional. The removal of these barriers fosters a culture of giving, encouraging individuals to consider waqf as a viable option for their charitable contributions. Furthermore, the relationship between the digitalization index and awareness cannot be overstated. A higher digitalization index often correlates with more effective educational campaigns and outreach programs conducted via digital channels.

The availability and accessibility of financial services that adhere to Islamic principles, such as the proscription of interest (riba) and the encouragement of risk-sharing, is referred to as Islamic financial inclusion. The concepts of Islamic finance are essential in influencing financial attitudes and behaviours in Indonesia, the nation with the biggest Muslim population in the world. The aim to use digital waqf and Islamic financial inclusion are related in a number of ways, including community involvement, trust in financial institutions, accessibility, and knowledge of Islamic financial products. One of the primary ways that Islamic financial inclusion influences the intention to use digital waqf is through enhanced accessibility to financial services. As financial institutions in Indonesia strive to create products that comply with Islamic principles, more individuals gain access to savings, investment, and donation mechanisms. This inclusivity empowers community members to engage with waqf initiatives more actively. When people have easier access to financial tools, they are more likely to consider making contributions to waqf, as they see it as a legitimate and beneficial way to utilize their resources in line with their beliefs. When individuals understand how waqf functions, including its role in wealth redistribution and community support, they are more likely to engage with digital waqf platforms. This understanding demystifies the process, making it easier for potential donors to see their contributions as fulfilling religious obligations and supporting charitable causes.

The Islamic Economic Literacy Index (IELI) measures individuals' understanding of

Islamic economic principles, including concepts related to waqf, zakat, and other forms of charitable giving. While one might assume that a higher level of Islamic economic literacy would directly correlate with increased participation in digital waqf initiatives among the Muslim community in Indonesia, the reality may not always reflect this expectation. Several factors contribute to the limited influence of the IELI on the intention to use digital waqf. Firstly, the disconnect between knowledge and action can explain why the IELI does not significantly influence the intention to use digital waqf. Many individuals may possess a basic understanding of Islamic economic principles but may not translate this knowledge into active participation in waqf initiatives. For instance, even if people are aware of the benefits and religious significance of waqf, they might lack the motivation or practical means to contribute digitally. Factors such as socioeconomic status, personal circumstances, or competing financial priorities can hinder individuals from acting on their knowledge, illustrating that literacy alone is insufficient to drive engagement.

6.2. Recommendations

To enhance participation in digital waqf, the Indonesian government should prioritize initiatives aimed at improving both financial and digital literacy across diverse demographic groups. National campaigns focused on educating citizens about the importance of waqf and its role in the Islamic economy could substantially boost engagement. Workshops and seminars arranged in collaboration with academic institutions, non-governmental organisations, and neighbourhood associations may be part of these initiatives. These kinds of programs would give people the abilities and information they need to use digital platforms efficiently, empowering them to choose their philanthropic gifts wisely. By promoting financial and digital literacy, the government can foster an informed citizenry that understands the value of participating in digital waqf through Digital Shariah Banking System (DSBS).

Raising awareness about the benefits of digital waqf platforms is also vital for increasing community involvement. Public awareness campaigns that make use of a variety of media platforms, including social media, television, and local events, can be quite effective in spreading knowledge about the benefits of using digital waqf. Showcasing successful case studies and real-life examples of the positive impacts of contributions on communities can motivate potential participants. Collaborations with religious leaders and organizations to emphasize the charitable significance of waqf in Islam further reinforce this effort. Leveraging the influence of religious figures can effectively convey the social and religious benefits of engaging in digital waqf.

To ensure that digital waqf is accessible to all citizens, particularly in rural and underserved areas, the government should invest in improving digital infrastructure. This includes enhancing internet connectivity and expanding access to reliable digital financial services. Moreover, encouraging developers of digital waqf platforms to create user-friendly applications that accommodate various levels of digital literacy is essential. Integrating local languages and cultural elements into these platforms can enhance their accessibility and relatability for a broader audience. By addressing issues of accessibility and ensuring that digital platforms are intuitive and inclusive, the government can significantly increase participation in digital waqf initiatives.

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